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General Manager
Natural Energy Utility Corporation
2560 Hoods Creek Pike
Ashland, KY 41102

September 25, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2008-00366
Natural Energy Utility Corporation

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on September 25, 2008.

Executive Director

SS/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|------------------------------|---|---------------------|
| THE NOTICE OF PURCHASED GAS |) | |
| ADJUSTMENT FILING OF NATURAL |) | CASE NO. 2008-00366 |
| ENERGY UTILITY CORPORATION |) | |

ORDER

On December 18, 1991, in Case No. 1991-00138,¹ the Commission approved rates for Natural Energy Utility Corporation ("Natural Energy") and provided for their further adjustment in accordance with Natural Energy's Gas Cost Adjustment ("GCA").

On September 3, 2008, Natural Energy filed its proposed GCA to be effective October 1, 2008. Natural Energy's tariff requires it to file at least 30 days in advance of the proposed effective date for its GCA; therefore, the effective date will be October 3, 2008, rather than the proposed October 1, 2008.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Natural Energy's notice sets out an Expected Gas Cost ("EGC") of \$7.9469 per Mcf, which is a decrease of \$3.9078 per Mcf from the previous EGC of \$11.8547.
3. Natural Energy's notice sets out no current quarter supplier Refund Adjustment ("RA"). Natural Energy's notice sets out no total RA.

¹ Case No. 1991-00138, Columbia Gas of Kentucky, Inc. v. Kentucky-Ohio Gas Company.

4. Natural Energy's notice sets out a current quarter Actual Adjustment ("AA") of \$(.0469) per Mcf. Natural Energy incorrectly used the GCA from Case No. 2008-00268 rather than the EGC for April, May and June 2008 from Case No. 2008-00073² in calculating the monthly cost difference. Correcting for this produces a current quarter AA of \$.4391 per Mcf. Natural Energy's total AA is \$1.1759 per Mcf, which is an increase of \$.3901 per Mcf from the previous total AA.

5. Natural Energy's GCA is \$9.1228 per Mcf, which is a decrease of \$3.5177 per Mcf from the previous GCA of \$12.6405.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after October 3, 2008.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 3, 2008.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

² Case No. 2008-00073, The Notice of Purchased Gas Adjustment Filing of Natural Energy Utility Corporation, Order dated March 31, 2008.

Done at Frankfort, Kentucky, this 25th day of September, 2008.

By the Commission

ATTEST:


Executive Director

Case No. 2008-00366

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00366 DATED SEPTEMBER 25, 2008

The following rates and charges are prescribed for the customers in the area served by Natural Energy Utility Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

| <u>Monthly</u> | <u>Base Rate</u> | <u>Gas Cost Recovery Rate</u> | <u>Total Rate</u> |
|----------------|------------------|---------------------------------------|-----------------------|
| All Mcf | \$4.24 | \$9.1228 | \$13.3628 |

Minimum Bill

The minimum bill shall be \$13.3628